

LOS ANGELES TIMES

30 May 1986

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Broader Israeli Spy Ring in U.S. Now Indicated

Sources Believe Pollards Were a Part of Network

By MICHAEL WINES
and RONALD J. OSTROW,
Times Staff Writers

WASHINGTON—Former Navy analyst Jonathan Jay Pollard, whose November arrest on charges of spying for Israel was dismissed by that nation as an isolated embarrassment, was in fact one link in an organized and well-financed Israeli espionage ring operating within the United States, knowledgeable government sources have told The Times.

The sources, speaking on the condition that they not be identified, said the disclosure casts serious doubt on Israeli claims that their government's officials knew nothing of Pollard's activities and that the government has cooperated fully in the U.S. probe of the affair.

Another Arrest Possible

Instead, a continuing federal investigation of Israeli spying activities likely will produce at least one additional arrest and has brought both American and Israeli citizens under suspicion, according to sources. The suspects include an unnamed Israeli air force official—a regular U.S. visitor, ostensibly here for educational purposes—who is believed to have been the "master case officer" for U.S. intelligence operations, according to officials.

"The Israelis lied to us. This was no small-time rogue operation; it was much more systematic than that," one official said. "This was a very expensive operation that they ran. There's no embassy slush fund big enough to cover that sort of thing."

Pollard was a civilian intelligence analyst with the Naval Investigative Service when he was arrested last Nov. 21 as he tried to

crash his car through the gates of the Israeli Embassy in Washington. FBI agents later told a federal magistrate that Pollard had sold Israel stacks of classified reports on the military strength of the United States and other nations, including Israel's rivals in the Mideast.

His wife, Anne Henderson-Pollard, was accused four days later of unauthorized possession of national defense information, a lesser charge. Federal officials contend that Henderson-Pollard tried to destroy classified U.S. documents after her husband's arrest and was preparing to pass secret intelligence estimates to Chinese officials when she was taken into custody.

Wife Was Released

Pollard has been held in federal custody since his arrest. His wife was first denied bail but later was released from custody for health reasons.

Israeli officials had expressed "shock and consternation" in the days after the arrests, saying that the espionage accusations were a complete surprise. Prime Minister Shimon Peres later pledged to unravel Israel's role in the affair "to the last detail, no matter where the trail may lead."

But a number of informed U.S. officials now believe that Peres knew of the espionage network, sources said, despite formal assurances given U.S. investigators last December that any spying was conducted "without authority" of the Jerusalem government.

In Washington, Israeli Ambassador Meir Rosenne declined comment on the espionage developments. A spokesman cited a State Department press release issued in December in which U.S. officials said they had received "full cooperation" from Israel in their investigation of the Pollard case.

'Comment . . . Inappropriate'

"The issue is now dealt with by the law authorities of the United States," the spokesman, Yossi Gal, said. "Therefore, any further comment would be inappropriate."

The State Department, however, is "urgently" seeking an explanation from Israeli officials, who are reported to have agreed that the new espionage evidence should be pursued. But the department remains unconvinced that Peres

knew the scope of espionage activity here, according to one Administration official.

"There continues to be some question of how far up the knowledge of the American-targeted espionage extended," that official said. "It didn't necessarily go as far as the prime minister. There is more there that is being tracked down."

The widening investigation has opened a "lively" dispute between officials at the State Department, who want to confine disclosures of Israeli spying to what is already publicly known, and the Justice Department, which wants to expose the full scope of espionage here and to make new arrests when the evidence warrants.

The outcome may hinge on plea-bargain negotiations between Pollard's lawyer and the Justice Department, now said by several sources to be at a critical stage. Plea-bargain agreements are usually accompanied by lengthy court filings that present detailed evidence of defendants' alleged crimes.

The State Department wants those details suppressed, both to avoid further damage to U.S.-Israel relations and to aid the Peres government, which could be rocked by allegations of a cover-up of American spying. But critics say that such a move would place the United States in the awkward position of tacitly endorsing Israeli espionage within U.S. borders.

"There's no way you can buy that," one government official said. You can't put (the Administration) in the position of saying espionage is bad when the Russians do it, but it's OK if it's our friends."

American intelligence experts have assumed since the Pollards' arrests that their case masked a broader Israeli espionage operation within the United States, one source said, so the newest evidence of that operation comes as "no surprise." But sources said that a full accounting would sorely embarrass the Israelis, who have unswervingly maintained that the incident was, at worst, a one-time lapse.

Obscure Unit Highlighted

Reports in The Times and elsewhere have suggested that Pol-

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lard's work was directed by an obscure scientific office known as LEKEM and run by a career intelligence officer, Rafael Eitan. That office, described by some Israeli sources as a "renegade" intelligence unit, allegedly funneled \$2,500 a month to the Israeli Embassy to pay Pollard for his work.

The day after Pollard's arrest, two Israeli science attaches were quietly recalled from the United States to Jerusalem and Eitan was later shifted to another job.

His office, attached to the Israeli Defense Ministry, apparently was started by former Defense Minister Moshe Arens, a current minister-without-portfolio who met with Secretary of State George P. Shultz the day after Pollard was seized.

According to a diplomatic source, Shultz told Arens at the end of that meeting that he did not want the incident "to affect relations between our two countries." And, except for a brief period of coolness, it did not.

But three weeks later, after a U.S. inquiry panel returned from Israel, a State Department spokesman said the panel was told that Pollard had acted "without authority" of Israel. That statement, issued Dec. 20, praised the Peres government and announced the resumption of "normal cooperation in all fields" with Israel.

However, the evidence that has surfaced since then, after Justice Department questioning of Pollard and possibly others, indicates that Israeli cooperation was not complete.

The debate over whether that new evidence should be made public has simmered while the Justice Department conducted plea negotiations with Pollard. But it has come to a head this month as Justice officials neared a decision to either strike a bargain with Pollard or to seek a formal indictment by a federal grand jury in the District of Columbia, the first step toward a trial.

Federal defendants generally are indicted quickly after arrest, but Pollard has yet to be indicted and has remained in federal custody, without bail, since last fall. The lengthy stay in custody is unusual, but espionage suspects are seldom released before trial because of the severity of their crimes and the likelihood that the suspects would flee.

In Pollard's case, an official said, it is likely that federal prosecutors have asked a judge to keep Pollard in custody beyond the normal deadline for indictments or that Pollard's lawyer has asked for an extension of the deadline while plea bargaining continues.

It is not known whether his wife's prosecution also is the subject of plea bargaining. Several officials said the decision in Pollard's case could come as early as next week. If so, the White House may be forced soon to decide

whether to make a public disclosure of the new espionage allegations.

Such agonizing is common in cases involving hostile nations' spies, such as the ongoing trial of accused Soviet agent Ronald Pelton, because U.S. officials must decide whether the benefits of a public prosecution outweigh the possible security damage from airing secrets in public.

In this case, one Administration source said, the deliberations are doubly sensitive because the decision also could affect the stability of a critical ally's government. "It appears to be more foreign relations than national defense that is the main worry," that source said.

Times staff writers Doyle McManus and Robert C. Toth contributed to this story.